

Agenda Item 3.A

MINUTES* SAN DIEGO CONVENTION CENTER CORPORATION THE BOARD OF DIRECTORS

BOARD MEETING OF MARCH 23, 2022 Via Teleconference

BOARD MEMBERS PRESENT:	Chair Carol Kim and Directors Carlos Cota, Jaymie Bradford and Elvin Lai
BOARD MEMBER(S) ABSENT:	Directors Jeff Gattas, Will Rodriguez-Kennedy and Shawn VanDiver
STAFF PRESENT:	Rip Rippetoe, Mardeen Mattix, Andy Mikschl and Pat Evans (Recorder)
ALSO PRESENT:	Jennifer Lyon, General Counsel, Julie Coker, SDTA President & CEO

*Audio copies of Board of Director meetings are available upon request. Please contact Pat Evans at (619)525-5131 or pat.evans@visitsandiego.com to request a copy.

1. Call to Order

Chair Carol Kim called the Board Meeting to order at 12:04 p.m. in the Executive Boardroom of the San Diego Convention Center Corporation, 111 West Harbor Drive, San Diego, CA 92101. Chair Kim then called roll to determine which Directors were present on the teleconference:

Director Kim – Present
Director Cota – Present
Director Gattas – Absent
Director VanDiver - Absent
Director Bradford – Present
Director Rodriguez-Kennedy – Absent
Director Lai – Present

All Directors were recorded as present except Director Gattas, Director Rodriguez-Kennedy and Director VanDiver. Chair Kim noted that all votes taken during this meeting would be recorded via roll call vote.

2. Non-Agenda Public Comment – Chair Kim inquired if any member of the public wished to comment on any Agenda items. No members of the public responded to the request for comment.

3. Board Committee Reports and Board Action Items:

Consent Agenda:

A. Approval of Minutes of Board Meetings of February 23, 2022

Directors Cota and Bradford moved and seconded, respectively, to approve the Consent Agenda set forth hereinabove.

Director Kim – Aye

Director Cota – Aye

Director Gattas – Absent

Director VanDiver – Absent

Director Bradford – Aye

Director Rodriguez-Kennedy – Absent

Director Lai – Aye

Vote: Unanimous

AYES: 4

NAYS: 0

ABSTENTIONS: 0

Directors VanDiver and Rodriguez-Kennedy joined the meeting at 12:05 p.m.

Action Item(s):

Chair Kim inquired if any member of the public wished to comment on Agenda Item 3.B.1. No members of the public responded to the request for comment.

B. Budget Committee (Jeff Gattas)

(1) Acceptance of February Financial Reports from Chief Financial Officer

CFO Mardeen Mattix noted an overview of the Corporation's financial status is detailed in the CFO Report that was previously distributed to the Board. Ms. Mattix then reported on the following highlights:

- The Corporation's year-to-date expenses have exceeded revenues by approximately \$5.2 million. Even though all of the operating revenues and expenses have performed better than budget, the Corporation is still operating at an overall loss.
- The Corporation's operating reserves have seen a reduction of approximately \$2.5 million. Although the Corporation received a part of its PPP loan forgiveness, the offset to that loan forgiveness was to purchase capital items out of the Corporation's reserves.
- The Corporation anticipates the reserves will have a net zero impact by the end of the year because the Corporation is expecting to request approximately \$6 million of the \$10.2 million subsidy allocated by the City by year-end. Staff is only asking for what the Corporation will need to keep its finances flush as opposed to asking for the entire subsidy allocation of \$10.2 million.

- Some of the Corporation’s capital projects have been moved into next fiscal year. Operationally, because the Corporation is doing better than budget, the overall impact to corporate finances is going to be a \$6 million loss this year instead of \$10.2 million.
- A new category was added to the CFO report which reflects collaboration with the City. This category will keep the Board informed of what SDCC is working on with the City regarding communication of where we stand financially as well as some other imperatives that are being addressed with the City.

Directors VanDiver and Cota moved and seconded, respectively, to authorize Acceptance of February Financial Reports from Chief Financial Officer.

**Director Kim – Aye
 Director Cota – Aye
 Director Gattas – Absent
 Director VanDiver – Aye
 Director Bradford – Aye
 Director Rodriguez-Kennedy – Aye
 Director Lai – Aye**

Vote: Unanimous

AYES: 6 NAYS: 0 ABSTENTIONS: 0

Chair Kim inquired if any member of the public wished to comment on Agenda Item 3.B.2. No members of the public responded to the request for comment.

(2) Authorization to Approve Fiscal Year 2023 Budget

Directors VanDiver and Lai moved and seconded, respectively, to approve the 2023 Fiscal Year Budget

**Director Kim – Aye
 Director Cota – Aye
 Director Gattas – Absent
 Director VanDiver – Aye
 Director Bradford – Aye
 Director Rodriguez-Kennedy – Aye
 Director Lai – Aye**

Vote: Unanimous

AYES: 6 NAYS: 0 ABSTENTIONS: 0

Chair Kim inquired if any member of the public wished to comment on Agenda Item 3.B.3. No members of the public responded to the request for comment.

(3) Authorization to Approve FY 2023 CIP/Infrastructure and O & M Projections

Directors VanDiver and Bradford moved and seconded, respectively, to authorize Approval of the FY 2023 CIP/Infrastructure and O & M Projections

**Director Kim – Aye
Director Cota – Aye
Director Gattas – Absent
Director VanDiver – Aye
Director Bradford – Aye
Director Rodriguez-Kennedy – Aye
Director Lai – Aye**

Vote: Unanimous

AYES: 6 NAYS: 0 ABSTENTIONS: 0

Chair Kim inquired if any member of the public wished to comment on Agenda Item 3.B.4. No members of the public responded to the request for comment.

(4) Authorization to Award Contract for Talent Acquisition

Directors Rodriguez-Kennedy and Cota moved and seconded, respectively, to Award a Contract for Talent Acquisition in a not-to-exceed amount of \$150,000.

**Director Kim – Aye
Director Cota – Aye
Director Gattas – Absent
Director VanDiver – Aye
Director Bradford – Aye
Director Rodriguez-Kennedy – Aye
Director Lai – Aye**

Vote: Unanimous

AYES: 6 NAYS: 0 ABSTENTIONS: 0

Chair Kim inquired if any member of the public wished to comment on Agenda Item 3.B.5. No members of the public responded to the request for comment.

(5) Authorization to Award Contract for Repairs to Chiller No. 1

Directors VanDiver and Bradford moved and seconded, respectively, to Award a Contract for Repairs to Chiller No. 1 in a not-to-exceed amount of \$72,156.29 with a 10% contingency.

Director Kim – Aye

Director Cota – Aye

Director Gattas – Absent

Director VanDiver – Aye

Director Bradford – Aye

Director Rodriguez-Kennedy – Aye

Director Lai – Aye

Vote: Unanimous

AYES: 6

NAYS: 0

ABSTENTIONS: 0

C. Sales and Marketing Committee (Carlos Cota): Director Cota reported that the Sales & Marketing Committee meeting was very positive. Bookings are picking up and the industry appears to be getting past the initial COVID setbacks even though there is a new variant of the disease on the horizon. The synergy between the SDCCC and SDTA staff is good and both organizations are performing at a high level. SDTA staff provided an initial review of the Program of Work and it was very encouraging. The benefit to the City of San Diego’s TOT was obvious; however, a deeper dive showed a more sophisticated plan has been put into place that will benefit the region with the high meeting demand coming out of COVID. The new “Program” will give the team an opportunity to be more selective about the type of business that will be booked in the future.

Mr. Mikschl reported that thirty-nine new events have been booked by the short-term sales team. As a reminder, short-term sales events are booked within eighteen months. These events predominately help drive economic benefit, incremental hotel room nights, fill “holes” in the building’s schedule and provides the Corporation with additional revenue opportunities. These events also engage the community in the building as well through consumer shows and community events. The focus of the sales team is shift the business model and the type of business the Corporation is going to pursue in the future and as Chair Cota mentioned, Staff is going to have an opportunity to be a bit more selective and qualify business differently to make sure that that the profitability will be there for the building in general. Some events will provide benefit to the community and to the Corporation in other ways; however, the profitability line is going to be very important. Also, as Staff looks to perform the myriad of projects outlined in the CIP, Staff will need ensure that the building is available to do those projects. The need for maintenance will also factor into the types of business booked.

The lead activity in terms of numbers has rebounded to pre-COVID levels. There is incredible pent-up demand to meet so focus will remain on booking the right business at the right time. Attendance levels for larger convention-trade events is still struggling; however, Staff is seeing positive results in recent shows. An upcoming event is also seeing pre-registration numbers that have exceeded pre-COVID numbers.

Ms. Coker noted that it is refreshing to see event attendee badges all over the downtown area.

She further reported that long-term sales leads are starting to pick-up. Customers who were previously reluctant to discuss future year business are now starting to plan events again. For the first time in a couple of years, definite booking numbers are higher than 2019. All signs are pointing in the right direction.

The SDTA sales team are currently in Washington, DC for the PCMA Visionary Awards. This event is well attended by industry clients and will give the sales teams an opportunity to connect with potential customers. Two weeks ago, SDTA staff had an event in D.C. that attracted approximately sixty customers and staff received good feedback. The event reinforced the idea that face-to-face meetings are definitely coming back.

Event attendance continues to be a challenge because of a number of factors: (1) business travel is not at the 100% level; and (2) budgets were set previously and some entities may have budgeted for less staff attendance at events than economic recovery may allow for. Although news outlets report that businesses are flush with cash, those reports may not translate to businesses being willing to participate in more convention activity.

U.S. Travel and Meetings is really pushing the message of getting employees back into the office but also getting them back into meetings and conferences. The industry would like the White House to be as assertive with the message that travel is good for the economy as they were with originally encouraging that travel be restricted at the beginning of the pandemic. Hopefully, the positive travel message will continue to resonate.

The “funnel” of business continues to improve and for the first time, the “funnel” is over 500,000 room nights. The funnel is below 2019 levels but the current improvement shows that leads are coming in and staff just needs to convert the leads to definite room nights.

SDTA will have a sales mission next week in the Philadelphia and New York areas which will hopefully translate into leads for future bookings.

Mr. Rippetoe noted that the collective experience of Ms. Coker and SDCCC and SDTA sales teams have our region poised for a bright future. Director Cota also lauded the cohesiveness of the sales teams and thanked them for their efforts.

4. **President's Report (Rip Rippetoe)** – Mr. Rippetoe reported:

Strategic Plan Update:

- Commencing this week, the People and Culture Department (formerly H.R.) will report to the CFO Mardeen Mattix. Ms. Mattix and Finance Director, Anastasia Rollins, will help drive the collaboration between Finance and People and Culture departments, streamline processes, and provide what our team members need for training, support, benefits and to make sure the Corporation is fully compliant with all regulations.
- The candidate that the Corporation was considering for the Director of People and Culture did not pan out. The search for a new Director will commence immediately. In the meantime, we continue to utilize our People and Culture consultant and the CFO to oversee that department.
- The Corporation will continue to focus on our customer experience and our operating environment and to that end, a proposal for approval of a Chief Operating Officer will be submitted at the April Board meeting.
- The initial revamp of the Strategic Plan is off to a great start and Staff will be bringing back ideas and proposals to the Board by the May 16th Executive Committee meeting.
- An update of the current Strategic Plan with a scorecard and feedback report will be forwarded to Directors. Each imperative has an Executive owner and each owner will provide progress reports on their respective imperatives.

Grow and Nurture Culture – Ms. Dougherty provided the following update:

Ms. Dougherty noted that Ms. Mattix touched on the recruitment piece of the Strategic Plan during her budget report and how important it is to advancing the strategic priorities. It is probably more important to retain the Corporation's high performing team. That goal is a significant portion of this plan and this imperative. To that end, the Human Resources Department has been rebranded as the "People and Culture" Department and Staff has communicated this renewed focus out to our team in a series of staff Town Hall meetings. We have also been working with our consultant, Forward Talent Strategies, to identify how to go about building the People and Culture team to support this imperative. At this point, one of the People and Culture positions has been filled and there are still a few more positions to fill during this fiscal year. Recruitment will benefit from the relationship with the professional talent acquisition company. Staff has already started working on bolstering our efforts in terms of communication and community recruitment through items such as increased on-line ads and presence at community job fairs. Staff now has a digital strategy with some monthly posts where different staff within the organization will be highlighted as well as the current job openings. Staff would welcome all of the Board sharing this job opening information with your networks especially if you have relationships where people would be interested. To aid employee retention, Staff used the compensation research data obtained last year to review all of the positions and to ensure that the Corporation was at market rate. Now that continues to adjust with inflation and other factors so that effort is a continuing process.

- Ms. Mattix reported that the Corporation will likely retain the consultant with Talent Strategies longer than originally anticipated. The consultant will assist with on-boarding the Director of People and Culture once that position is filled.

Staff had originally planned on bringing the Director of the department on first and then recruiting for the manager of the department, who would handle more of the day-to-day activities. At this point, since the Director position did not pan out, Staff will be recruiting simultaneously for both management positions. A training and on-boarding program will be built after those positions are hired. The consultant is focused on the compensation philosophy. One piece of the compensation analysis is completed and Staff will now review the tool to see how much salaries have adjusted within the last quarter. The variance is approximately 2.2% for the first quarter so Staff will have to determine how to adjust these figures out into the future, how to negotiate labor agreements going forward and how to navigate the adjustments over the next few months.

- Ms. Dougherty further noted that some of the KPIs are in process and some have not been achieved because Staff is still filling some vacancies related to attaining the KPIs.

Building Facility Maintenance and Improvement Program - Mr. Albright provided the following update:

- If Directors want to look at this process as essentially a life-cycle issue, there are two sides to it, i.e., maintaining what the Corporation currently has on the project side and to improve or replace what the Corporation currently has.
- On the project side, the Corporation has hired Victoria Mitchell as the Director of Planning and Development and an offer has been made to a strong candidate for the Project Engineer position. That party is anticipated to join the team in mid-April. The progress made is really foundational by getting the required talent in place.
- On the maintenance side, the existing facility team continues to do well at the operational level but the Corporation is evaluating ways to have staff augmented with the necessary technical expertise to move the needle on the maintenance side of things.
- Progress will be equally about setting up a strong foundation of the talent dedicated towards these purposes. As the Strategic Plan is expanded beyond FY 2022, staff will have a much more detailed picture of what the future looks like in the May report.

Building Confidence for a Safe and Effective Reopening - Mr. Mikschl and Ms. Mattix provided the following update:

- Ms. Mattix reported that this imperative has, for the most part, been completed. The building has been reopened for nearly a year. Two main objectives were to get COVID vaccination and testing under control. The vaccination initiative has been very successful as the majority of staff have been vaccinated and unvaccinated staff are testing weekly. The second goal was to retain the Corporation's clients. The sales team has been very successful at finding additional space to move client events into the future. Staff is confident that they can focus more on the business model piece. Staff has implemented some strategies with the sales effort and is starting to focus more on how to streamline operations. Three main focuses while trying to build the business model are to (1) generate TOT to have a better regional impact, (2) maintain a healthy bottom line and stable jobs for the local economy and (3) build-up the local economy and business partners. Staff would like to eliminate this imperative since it is mostly completed and continue to focus on the four remaining imperatives over the next three to five years.
- Mr. Mikschl reported that this imperative will focus on insuring that the sales team is booking the right business to not only ensure room nights and economic

benefit are there, but also to ensure that staff are maximizing revenues for the building in areas of food and beverage, telecom, driving attendance and focusing on tech-driven shows. Staff will also ensure that consumer shows and local trade shows not only continue drive local attendance but also have a level of profitability. These strategies have been put into practice which is evident by the Corporation's short-term activity. Staff is also looking at how it can increase ancillary revenue for existing events. This strategy is two-pronged: (1) Staff has already implemented some new policies regarding chargeable labor posts be they front drive personnel, loading dock personnel, or other areas for Guest Services within the building that clients have not traditionally been charged for. Staff is sensitive to client budgets; however, there will be adjustments made to chargeable services that will drive incremental revenues. (2) Staff is also making adjustments to complimentary room policies for long-term and short-term events. Staff will review the number of complementary rooms clients receive in conjunction with Hall rentals, determine what constitutes an acceptable number of complimentary rooms and charge for any additional rooms requested. Food and beverage incentives will also be reviewed to determine if the incentives are right-sized based on rent received for event space. Staff will develop KPIs for Board review over the next few months.

Engaging the Community - Ms. Dougherty provided the following update:

- Ms. Dougherty reported that Staff has far surpassed the KPI goals that were established for social media and media coverage. There was a splashy reopening press conference in August with great attendant media coverage. Media also covered the first official event, SPIE, and the Meet the Breeds" event. Media coverage also included Staff's updates regarding public health guidelines and the tourism recovery story. SDTA and SDCCC lead officers have also generated exposure by providing interviews to various outlets. Social media peaked in November during Comic-Con special edition coverage. Staff has also continued to participate in public opportunities for presentations, panel discussions and community activities. SDCCC participated in the homeless annual point-in-time count along with many elected officials. SDCCC continues to partner with some of the organizations that were instrumental to Operation Artemis that might focus on providing services to migrant communities consistent with some initiatives at the City. SDCCC is also focusing on maximizing community engagement to tackle some of the Corporation's current staffing needs by stepping out of the downtown corridor and attending job and resource fairs in other areas of the City. This enables staff to relay information about career opportunities at the Center to other communities within the City.
- Ms. Dougherty also reported on the community "Sails" lightings the Center has done to support various causes within the community. She also noted that a request form has been added to SDCCC's website that will enable the public to request a Sail lighting date.

5. Chair's Report (Carol Kim)

- The next Board meeting is scheduled for April 27, 2022 at noon.
- All future Board and Committee meetings will be held on site
- Please file your Form 700 on or before April 1, 2022. Any late filings will result in a \$10 per day file.

6. **Board Comment [Govt. Code § 54954.2(a) (2)] – None**
7. **Urgent non-agenda items** (must meet the requirements of Government Code, Section 54954.2): **None**
8. **Closed Session:** The Board entered into closed session at 1:22 p.m. to discuss:
 - A. **CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION**
Initiation of litigation pursuant to Government Code section 54956.9(d)(4)
(1 case)
 - B. **EMPLOYEE PERFORMANCE EVALUATION**
Government Code Section 54957
Title: President & CEO

The Board returned to open session at 1:54 p.m.

Reporting out of closed session, General Counsel Lyon stated that the Board discussed items “8A” and “8B, “ direction was given but no reportable action was taken.

There being no further business, the meeting adjourned at 1:55 p.m.

I, Jeff Gattas, Secretary of the Board of Directors of the San Diego Convention Center Corporation, Inc., do hereby certify that the foregoing is a true and correct copy of the minutes of the business transacted by the Board of Directors of the San Diego Convention Center Corporation, Inc., at a duly noticed meeting held on March 23, 2022 and that said minutes were approved by the Board of Directors on April 27, 2022.

[Approved at Board Meeting of April 27, 2022]
Jeff Gattas, Secretary